Postal Regulatory Commission Submitted 7/12/2017 2:21:56 PM Filing ID: 100749 Accepted 7/12/2017

BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 160 (MC2016-29)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2016-35

NOTICE OF UNITED STATES POSTAL SERVICE OF AMENDMENT TO PRIORITY MAIL CONTRACT 160, WITH PORTIONS FILED UNDER SEAL

(July 12, 2017)

The Postal Service hereby provides notice that the terms of Priority Mail Contract 160, in the above-captioned proceeding, have changed as contemplated by the contract's terms. This contract was the subject of a Commission directive in the Annual Compliance Determination (ACD) for Fiscal Year 2016. The anticipated filling of this amendment was therefore referenced in the Postal Service's June 7, 2017 response to Chairman's Information Request (ChIR) No. 30¹ and its First Response to the Commission's Requests for Additional Information in the ACD.² The ChIR response, however, included an inadvertent error as to the date the amendment was signed. While the terms of the amendment had been agreed to by the customer as of June 7, internal coordination delays on the customer's end delayed the customer's execution of the amendment until June 22, 2017.

¹ Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 30, June 7, 2017, Docket No. ACR 2016 at 2.

² First Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2016 Annual Compliance Determination, April 27, 2017, Docket No. ACR 2016 at 2.

2

A redacted version of Amendment No. 2 to Priority Mail Contract 160 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

This amendment increases prices, and therefore will have a material effect on the cost coverage of Priority Mail Contract 160. Therefore, the supporting financial documentation initially filed in this docket will be supplemented by the accompanying financial statements. An updated financial certification for the amendment is provided in Attachment E to this Notice. The Postal Service hereby incorporates by reference the Application for Non-Public Treatment originally filed in this docket, for the protection of the material that has been filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE By its attorneys:

David Rubin Acting Chief Counsel, Pricing and Product Support

Valerie J. Pelton Maria Votsch

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260-1137 (202) 268-3049, Fax -6187 Valerie.j.pelton@usps.gov July 12, 2017

ATTACHMENT A REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 160

AMENDMENT #2 OF SHIPPING SERVICES CONTRACT BETWEEN THE UNITED STATES POSTAL SERVICE

AND

REGARDING PRIORITY MAIL SERVICE

This amendment amends the Shipping Services Contract dated December 2, 2015, regarding Priority Mail Service, made by and between ("Customer") and the United States Postal Service ("the Postal Service" and such contract, the "Contract").

WHEREAS, the Parties desire to amend the terms in Sections I.G, along with Table A, and I.I, of the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

Replace Sections I.G, Table A and I.I, as follows:

I. Terms

G. Contract Package Pricing. From the effective date of this Amendment until June 30, 2017, Customer will pay Tier 5 prices for its Contract Packages shipped pursuant to Table A below. Pricing for subsequent quarters will continue to be determined on a rolling four quarter average.



I. Base Zone of ("Base Zone") and Base Weight ("Base Weight").

The prices set forth in Table A were based on historical shipping data identifying

the Base Zone, Base Weight, and a list of packaging provided by Customer identifying package characteristics. In the event that the Postal Service determines there has been a material deviation to the current profile, further price changes will be necessary.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE
Signed by:
Printed Name: Cliff Rucker
Title: Senior Vice President, Sales and Customer Relations
Date:
1 /

Certification of Prices for Priority Mail Contract 160

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for Priority Mail Contract 160. The prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on the financial analysis provided herewith, that the prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. This contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven Phelps
Digitally signed by Steven Phelps
DN: cn=Steven Phelps, o, ou,
email=steven.r.phelps@usps.gov, c=US
Date: 2017.07.12 0994-58-04'00'

Steven R. Phelps